

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

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In re:

PROMESA
Title III

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3283-LTS

THE COMMONWEALTH OF PUERTO RICO,
et al.,

(Jointly Administered)

Debtors.¹

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NOTICE OF CORRESPONDENCE RECEIVED BY THE COURT

The Court has received and reviewed the attached correspondence, described below, from interested persons in the above-captioned cases. Although the Court cannot respond individually to all of those who have expressed their thoughts or concerns, the Court is deeply mindful of the impact of the fiscal crisis on lives, institutions, and expectations, and of the importance of the issues that are raised in these unprecedented cases.

1. Email dated January 14, 2018 from Robert Stern.
2. Email dated January 14, 2018 from Eva Stern.
3. Email dated January 17, 2018 from Manley.
4. Email dated January 17, 2018 from Michael Ragusa Jr.

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

5. Email dated January 17, 2018 from Harry and Lois Booth.
6. Email dated January 17, 2018 from Paul Konsig.
7. Email dated January 22, 2018 from Arthur Samodaovtiz.

Dated: January 26, 2018



Cofina Bonds
Eva Stern to: swaindprcorresp

01/14/2018 01:05 PM

From: [REDACTED]
To: swaindprcorresp@nysd.uscourts.gov

Dear Honorable Judge Swain,

I write to ask you, beg you, to please release the funds to pay the Cofina Bonds. My savings are in those bonds, because my broker assured me of its safety. I now have to pay my son's college tuition for the spring semester and I cannot make the payment without those funds.

Please, please allow the release of those funds to pay the bondholders, which is rightfully ours.
Thank you for your understanding to our severe financial plight.

Yours truly,
Eva Gabor Stern



Virus-free. www.avast.com



Puerto Rico Sales Tax Bonds
Robert Stern to: swaindprcorresp

01/14/2018 12:47 PM

From: [REDACTED]
To: swaindprcorresp@nysd.uscourts.gov

Honorable Judge Swain,

Like many other middle class working people, I invested my savings in Puerto Rico sales tax bonds known as Cofina because of its assured safety. The separate agreement drawn up specifically for Cofina assuring that the sales tax, its generated revenue stream, will be placed in a lock box and first priority will be given to paying bondholders. Unfortunately, you have prohibited the trustee of the lock box to distribute funds to bondholders even though the signed Cofina agreement assured us that bondholders have first priority for payment.

I have a wife and four children and like many others, including residents of Puerto Rico who also invested in Cofina bonds, will be denied daily essentials if you continue to withhold these funds from us.

I respectfully request that you allow the trustee to pay the bondholders because we are dependent on these funds for our daily livelihood.

Thank you for your understanding, I am,

Sincerely yours,
Robert Stern

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Puerto Rico COFINA Bonds
Harry & Lois Booth to: swaindprcorresp

01/17/2018 08:16 AM

From: "Harry & Lois Booth" [REDACTED]
To: swaindprcorresp@nysd.uscourts.gov

Dear Judge Swain,

As bondholders of Puerto Rico COFINA bonds, we feel compelled to write to you today, as you are about to rule on the pending litigation between bondholders and Puerto Rico. We both retired in 2011 after years of hard work and saving for the future. We did it without a lot of vacations and luxuries in order to prepare ourselves financially for our retirement. Since we didn't want investments we had to lose sleep over, we decided on investing our retirement money into bonds. Most of them have worked out well, but a large portion of our bonds were in Puerto Rico COFINA bonds which were sold to us at a premium (not a discounted price), since they had a dedicated tax and lock box that was allocated to pay the dividends and return of principal.

We sincerely hope that you consider these facts when you pass judgment on this issue. Should these bonds default or not return the promised dividends and principal, it will severely hurt us and hundreds of thousands of other investors and retirees who invested their life savings into what was sold as a safe investment.

Puerto Rico, even before Hurricane Maria, has done nothing but try to evade payment on their bonds. Their government has been poorly run and mismanaged for many years, and as we fully understand the turbulent times they had had, it still should not allow them to default on promised principal and interest on their bonds.

Somewhere in the near future, Puerto Rico is going to have to float new bonds in order to capitalize and fund their infrastructure and rebuilding. If they are allowed to punish existing bondholders today, who is going to buy their bonds tomorrow? If they can make existing bondholders take a loss, then what good are the contracts on any Puerto Rican bonds, or for that matter, any bonds sold here in the United States by state and local governments? We are afraid that your ruling could negatively affect the whole bond market if the legal system does not stand up for its investors.

In closing, we hope that you understand how many people in this country will be affected by your ruling. The potential to really hurt investors and do permanent long term damage to the bond industry, rests in your decision.

Sincerely,
Harry and Lois Booth
[REDACTED]



Dire situation
Manley to: swaindprcorresp

01/17/2018 01:10 AM

From: [REDACTED]
To: swaindprcorresp@nysd.uscourts.gov

From: [REDACTED]
Date: Wednesday, January 17, 2018
Subject: Dire situation
To: swaindprcorresp <swaindprcorresp@nysd.uscourts.gov>

Dear Honorable Swain,

I worked hard, raised 3 children, been frugal all my life, supported 2 half sisters and 1 sister and 1 ex-wife out of the goodness of my heart. I chose to purchase municipal bonds to help and to be able to leave something for my estate. My sales tax PR bonds were paying me approximately 6k a month. These bonds are my life savings. I am now using home equity and nearly maxing out all my credit cards and hoping interest money will soon be released by you. I felt safe in purchasing bonds from a U.S. territory backed by their constitution and tax revenues. My bonds are not junk. Please release the interest payments. Money for matured bonds may not be available but interest is. I am fearful. Not for me but for those I help, we are all senior citizens, including church and charities.

Please expedite, if at all possible.

Respectfully,

Manley



Fwd: Puerto Rico municipal bonds
drdocgoose to: swaindprcorresp

01/17/2018 06:51 AM

From: [REDACTED]
To: swaindprcorresp@nysd.uscourts.gov

----- Message from [REDACTED] on Wed, 17 Jan 2018 6:41:05 -0500 -----

swaindprcorrespd@nysd.uscourts.gov :To
v

Puerto Rico municipal bonds :Subject

Dear Judge Swain, Thank you for considering this correspondence. I am a holder of various municipal bonds, issued by agencies of Puerto Rico. The investment costs were @ \$50,000, the current market value of them is @ \$12,500. I am well aware of the financial, cultural, economic, and basic life issue distress that the unfortunate people of that island are suffering. I have no issue with the Puerto Rican populace. However, there is significant concern re.the morality, ethics, and questionably illegal conduct of past and current governmental native administration of the Commonwealth's assets. The situation is a culmination of decades of what may described as "mismanagement" at the least, and illegal manipulation in the extreme. As an investor, I feel no less duped and defrauded than the people of Puerto Rico, by the duplicitous actions taken to deceive us all, by these administrations. It is not for me, or other investors nor the citizens of Puerto Rico to determine what, if any, penalties those parties who were responsible for this financial calamity should be made to endure. However, the loss of faith suffered by us is not to be discounted; let alone the financial repercussions we have been made to suffer. There should be no remedy considered that does not repudiate those misdeeds, and make all investors whole by way of timely payment of interest on the bonds, and legal reassurance that the principle on those bond issues will be paid upon their original dates, in full. We, the investors and the people of Puerto Rico, cannot have reliance on the U.S.legal system without having justice brought to us. Without reliance in our Judiciary to protect us from the depredations inflicted upon us by errant, or virulent actions by the legislative and/or executive branches of government, there can be no faith in our democratic republic. Our rights should not be allowed to be trampled by any cadre of errants, nor miscreants. We are relying on you for not only justice, but for a revival of hope in our system. Thank you for your efforts on behalf of the investors of Puerto Rico municipal bonds, and the Puerto Rican people. Sincerely, Michael J. Ragusa,Jr.,M.D.

January 17, 2018

Paul Konsig
[REDACTED]
[REDACTED]

Judge Laura Taylor Swain
U.S. District Court for the District of Puerto Rico
Fed. Court of PR Office 150, Fed. Building
San Juan, Puerto Rico 00918

Dear Judge Swain,

I have been investing in municipal bonds for over 30 years. I hold Puerto Rico General Obligation, Prepa and Sales Tax bonds and closely follow the municipal bond market and Puerto Rico news. Over those years I have never seen such contempt and disregard for the law.

Many actions of the Puerto Rico government and the Federal Oversight Board appear to ignore the U.S. Constitution, the Puerto Rico Constitution, U.S. Law, Puerto Rico Law, Bondholders Rights, Statutory Liens and Priority Liens. The president of the Puerto Rico Senate called the U.S. Congress racist for not favoring Puerto Rico. The largest newspaper in Puerto Rico said Jewish people control Congress and want to punish the Island for its debt because they care so much about money. The Governor has threatened Republicans in Congress for not favoring Puerto Rico. The Federal Oversight Board has focused on destroying bondholders instead of concentrating on getting audited financials in order to create a honest Fiscal Plan which would encourage consensual debt restructuring.

The U.S. Congress and their Federal Oversight Board has allowed the Puerto Rico government to turn their self-made financial crisis into a melodrama that has digressed to buffoonery and lies to support improbable outcomes and ridiculous characterizations.

Scandal after scandal continues to surface, alleged corruption accusations are piling up, four months after Hurricane Maria 40% of the population is still without electric and the Governor's center of attention is statehood. Based on their treatment of creditors, disrespect for the law and rampant corruption responsible members of today's U.S. Congress would not consider Puerto Rico for statehood. Focusing on achieving statehood, under current conditions, is a clear sign of insanity or a crafted distraction. In either case more proof the government is not in touch with reality or is unscrupulous. The longer the legal process takes more and more of the corrupt culture of Puerto Rico politics will be exposed. Breaking news stories of police truancy, drug trafficking and the fact drug related gangs are responsible for an unknown number of brutal murders must be addressed and will not help tourism. Prepa corruption scandals will continue for years. In a January 9 letter FEMA stated it is withholding community disaster loans because Puerto Rico misrepresented their liquidity, possibly by over \$6.billion. The Board is alleging statutory liens, priority liens and bondholder rights are not binding and can be ignored. Puerto Rico will have no remorse frivolously spending \$100s of millions on attorneys at the expense of others, just to delay court proceedings and inevitable rulings that will uphold the law. Promesa has become a joke and will become a huge embarrassment for Congress if the Puerto Rico government and the Federal Oversight Board are allowed to continue down their current path. In spite of all this negativity the Governor continues to focus on statehood as a cure for the Island's financial problems and corrupt culture.

A competent Financial Oversight Board would not certify a 5 year Fiscal Plan with 2014 being the last audited annual financials. Without audited financials, based on recent court experience one must assume numbers distributed by the government and the board are lies or unreliable at best.

Instead of structuring various plans of debt adjustment the government and Board challenge the law seeking debt forgiveness. No new revenue producing plans have been initiated. The Oversight Board has not even attempted to market Puerto Rico to retiring U.S. mainland citizens. There are many more reasons for 10s of thousands of

mainlanders to retire in Puerto Rico than Panama, Costa Rica and Mexico. Focusing on retirees may mitigate Puerto Rico's loss of population and increase revenues. The Puerto Rico government would probably fight such a plan as informed voters may upset their corrupt political apple cart.

The most obvious injustice taking place is not paying Cofina Sales Tax bondholders. The law that created Cofina and directed the transfer of the Pledged Sales Tax to the Dedicated Sales Tax Fund is clear, concise and complete, the statute reads as follows:

(i) **the statutes creating Cofina and directing transfer of the Pledged Sales Tax and the Dedicated Sales Tax Fund to Cofina are constitutional under the Constitution of Puerto Rico;** (ii) *the Pledged Sales Tax, including all Pledged Sales Tax revenue collected in the future, and the Dedicated Sales Tax Fund are the property of Cofina; and* (iii) *the Pledged Sales Tax and the Dedicated Sales Tax Fund are not "available resources" under the Constitution of Puerto Rico.*

General Obligation bondholders should focus on getting access to claw backs that by law are theirs. They should ask the Court to force the Oversight Board to define what qualifies as an essential service. A combination of the proper legal allocation of claw backs and agreeing that essential services should not make up 95% of budget expenses, would produce sufficient funds to consensually restructure General Obligation debt. Establishing respect for the law and the legal rights of bondholders along with audited financials will also result in a realistic Fiscal Plan.

Someone must say "ENOUGH". Judge Swain when appointed you were given the power and authority to uphold the law. Numerous respected legal opinions state Cofina bondholders hold a Perfected Statutory Lien. By releasing currently held Cofina bond debt service funds to bondholders, the vast majority being U.S. and Puerto Rico retirees desperately in need of their interest payments, you will send a message to the government and the board. Ruling on the legality of Cofina liens will give Puerto Rico immediate market access of at least \$5 billion which could be used to restructure less secured debt. The spirit of the laws that created Cofina was the intention to rescue Puerto Rico from the 2006 financial crisis. The objective was to give investors, who would not otherwise purchase Puerto Rico debt, ironclad protection by assuring Pledged Sales Tax revenue could not be redirected in the future by disingenuous Puerto Rico politicians.

Political correctness is causing US politicians to "beat around the bush". Someone in authority must be out spoken and talk about the Puerto Rico situation truthfully, frankly and get directly to the point. Someone must be blunt even though the subject of dishonesty, corruption and incompetence is considered coarse by politicians. Allegedly being treated equal or better than other U.S. Territories is being treated like second class citizens. How Puerto Rico believes they are treated by the U.S. government has nothing to do with statutory liens, priority liens and bondholder rights. Wanting to become a state for financial reasons and threatening US politicians to favor Puerto Rico or else political blowback will be severe, has nothing to do with honoring bondholder liens. Delaying financial data and creating ridiculous Fiscal Plans has nothing to do with respecting bondholder rights.

Judge Swain the only person who can stop this nonsense is you. A ruling that respects the Cofina bondholders statutory lien will force the oversight board to align the fiscal plan with reality, it may stop future attempts to ignore the law and could promote consensual debt restructuring.

Hundreds of thousands of individuals who hold Cofina and other Puerto Rico bonds are depending on you to rule that Puerto Rico must honor the liens which they agreed to create. In the long run the best thing you can do for the people of Puerto Rico is rule the Puerto Rico government must respect the law and bondholder rights. Any other ruling would eliminate even the thought of regaining market access for at least a decade.

Puerto Rico must stop politicizing debt restructuring. The law is the law. Being sympathetic to one side or the other has nothing to do with a ruling that respects the law.

Only a person who truly believes in the law would have accepted such an enormous responsibility. May you be blessed with the courage and strength to uphold the law.

Sincerely,
Paul Konsig




Puerto Rico Bondholders
arthursail to: swaindprcorresp

01/19/2018 11:28 PM

From: [REDACTED]
To: swaindprcorresp@nysd.uscourts.gov

Judge Swain, The US Constitution, including the Fifth Amendment, is the supreme law of the land. It supersedes ambitions and sympathies of politicians, corruption and mismanagement of government officials, and unfortunate circumstances for which no one is responsible. The Cofina bond holders loaned their hard-earned money to Puerto Rico in exchange for an explicit property interest in sales tax revenue which remains sufficient to pay this debt. They did not rely on mortgages on businesses or homes which sadly have been damaged. Nor did they rely on voluntary appropriations by the Puerto Rico legislature. Those are separate matters with different investors taking the risk. The Cofina bonds have missed two successive interest payments and are worth only 12 cents on the dollar; that is unfair, and the intervention by the Promesa board without just compensation to the bond holders is unconstitutional.

Arthur Samodovitz (private holder of Cofina bonds)